

SECRET

31 AUG 1969

MEMORANDUM FOR: Office of Legislative Counsel

ATTENTION :

[REDACTED]

25X1A

SUBJECT :

Suggested Reply for the General Counsel  
Office to Allegations Contained in an  
English Student Newspaper "The Black  
Dwarf"

1. We certainly agree with Mr. Marcy's judgment that the allegations in the English student newspaper "The Black Dwarf" are incredible and preposterous, so much so that any point by point refutation of the charges would be ridiculous. The fragile factual base on which this article is based appears to be (a) the sale of Brazilian land to foreigners has been extensively debated in Brazil during the past few years and the activities of some U. S. companies and individuals have been investigated by the Brazilian government; and (b) there was a scandal (also investigated by the Brazilian government) regarding the negligence of the Brazilian agency charged with Indian affairs, which was accused of permitting or even encouraging the extermination of large numbers of Indians. The U. S. is regularly accused of all kinds of wickedness, including exploitation of Brazilian strategic materials and resources, but this is the first time the charge of massacring Indian tribes in Brazil has been laid at our door.

2. With regard to the specific charges made during the Brazilian investigation of land sales to foreigners, this whole issue became such an emotionally charged affair that the Brazilian Chamber of Deputies Investigating Committee initiated an investigation in September 1967. One of those who testified was Deputy Haroldo Veloso, a member of the government party ARENA and a former "hard-line" Air Force colonel who was mentioned in the "Black Dwarf" article. Two of his charges were rebutted.

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Those accused of wrong doing at the time included the Brazilian Ambassador to Washington in addition to numerous Americans. During the course of the investigations, two Americans, [REDACTED] were strongly criticized for their methods of land acquisition but torturing Indians was not one of the accusations. The Brazilian Minister of Justice sent draft legislation to President Costa e Silva suggesting new regulations on the sale of Brazilian land to non-Brazilians. On 30 January 1969 President Costa e Silva signed Complementary Act 45 establishing the general principle that land could only be acquired by foreigners resident in Brazil, and on 10 March he signed Decree Law 494 regulating the sale of land to foreigners. Among other provisions the Decree Law requires that "foreign owned" companies obtain prior Brazilian Government approval before purchasing land and limits the percentage of the area of any municipality that may be owned by a "foreign" firm. The Brazilian Agrarian Reform Institute was designated as the main implementing government agency for the land law.

25X1A

[REDACTED]  
Acting Chief  
Western Hemisphere Division

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OLC 69-0725

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## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

EXTENSION

NO.

DATE

20 August 1969

TO: (O  
building)COMMENTS (Number each comment to show from whom  
to whom. Draw a line across column after each comment.)

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Office of  
Legislative Counsel

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Attention:

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3	Headquarters				
4	CWZT/5		N		
5	Emilio				
6					
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
<b>Remarks:</b>  Do you have any comments on the attached? <i>I would appreciate</i> <i>your suggestions.</i>  Deputy Legislative Counsel <i>4-5 Pls prepare reply</i>					
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<b>Remarks:</b>  <p style="text-align: center;">Do you have any comments on the attached? I would appreciate your suggestions.</p> <p style="text-align: center;">[Redacted Signature] Deputy Legislative Counsel</p>			
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